



# Committee On Finance

Max Baucus, Ranking Member

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## NEWS RELEASE

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## **Baucus Urges Agreement on Balanced, Responsible Energy Legislation as Energy Bill Negotiations Begin**

(WASHINGTON, D.C.) U.S. Senator Max Baucus, Ranking Member of the Senate Finance Committee, has been appointed as a conferee to the Senate and House joint negotiations on the energy bill. At the opening meeting held today, Baucus prepared the following statement:

### **Opening Statement of Senator Max Baucus Energy Bill Conference September 5, 2003**

Mr. Chairman, I am proud to join this conference today to begin the process of completing this important piece of legislation. I would like to thank the Chairman, and also Senators Grassley and Bingaman for their hard work in the Senate on this bill. Each of you has devoted a great deal of time and effort to this important process.

At this moment in our history, our nation is facing significant energy challenges. We must address these challenges. I was disappointed that the conferees did not reach an agreement on a balanced, comprehensive energy package last year. This year, it is even more critical that we pass thoughtful and balanced energy legislation that addresses both our current and future energy needs. I am confident that we can reach a bipartisan agreement on this bill and have it signed into law in a matter of weeks.

The Senate bill incorporates energy tax incentives developed by the Finance Committee. These tax incentives are important to achieving some of the key energy policy objectives in the overall bill – increased domestic energy production from a variety of sources, greater energy efficiency, and more reliable, efficient and fair electricity markets. Achieving these policy objectives will lead to greater national energy security and provide a boost to the nation's economy.

Over the past two years, Senator Grassley and I have worked closely to put together a tax package that has widespread support.

I believe that we can reach an agreement on a package of tax incentives quickly if we emphasize two core principles: Balance and Budget.

First, balance. We need a conference agreement that balances both energy production and energy conservation. The Senate bill's tax provisions consist of a balanced package of targeted incentives directed to alternative energy, traditional energy production, and energy efficiency. Maintaining this balance should be a principal objective of this conference.

At the same time, we need to address the problems that resulted in last month's electric power blackouts in the Midwest and Northeast. Improving the reliability of energy delivery systems is critical to the U.S. economy. This will also help protect U.S. consumers from market instability and rising energy prices.

Second, budget. We need a conference agreement that is mindful of the overall cost of this legislation to the U.S. Treasury. We must not worsen our nation's increasing budget deficit. Given our current fiscal situation, tax relief must promise significant energy policy benefits—like new fuel sources, greater conservation, or better grid reliability.

Mr. Chairman, this nation has recently suffered through two major energy-related crises – the West Coast energy crisis of 2000 and 2001, and the recent blackouts in the Northeast. Both of these events had devastating economic consequences. Both revealed different, yet significant, problems with our electricity markets and our electricity delivery system. Although we are still learning about the causes of the Northeast's blackout, it was likely related to an aging transmission system and a set of reliability standards that lack any real teeth. As I mentioned above, I think these are both issues we must address in this conference.

My state of Montana was impacted significantly by the West Coast energy crisis, through increased electricity rates and economic uncertainty. We now know that market manipulation was a key factor in the West Coast crisis, destabilizing energy markets and driving high energy prices even higher, to unsustainable levels. The ripple effects of that crisis are still being felt in Montana and the West. I think it would be unfortunate if this conference committee passed on the chance to address some of the abusive practices we saw in the West Coast markets. The reliability and stability of our electricity supplies must be assured, for businesses and consumers.

Mr. Chairman, I also wish to point out an issue of vital importance to me and to my state of Montana. During the debate over the energy bill in the Senate, I introduced an amendment relating to Montana's Rocky Mountain Front. This amendment was very simple. It called for a study of existing oil and gas leases and any opportunities to exchange or otherwise cancel those leases. Also, it extended for a period of three years existing lease suspensions in area of the Front bordering Glacier National Park. This suspension would allow the study to move forward quickly, and it would give the Blackfoot Tribe a little breathing room in their negotiations with the Interior Department over sacred sites in the Badger-Two Medicine area.

I was hopeful that my amendment would be accepted by the Senate and I was disappointed when I was denied the ability to offer it on the Senate floor. This issue is extremely important to my constituents. The Rocky Mountain Front has been a battleground for decades, with the majority of Montanans telling me loud and clear that they do not want to see the Front developed. The Front's other values – world-class hunting, fishing and wildlife habitat – far outweigh the value of any potential oil and gas reserves. These reserves, as indicated by the Administration's own survey, just don't amount to much.

The cost and controversy surrounding oil and gas development in the Front make my amendment particularly important. I think it will set up a win-win situation: we protect the Front for future generations, while at the same time we help producers move forward more rapidly in providing for our domestic energy needs.

I plan to explore seriously the possibility of offering my amendment for this conference committee's consideration. I believe it's that important, and I hope my colleagues here will support the amendment.

Again, I look forward to working with my colleagues. I hope this will be a productive and successful conference. I also hope that we will work together in an open manner, and in a spirit of bipartisanship – that's the only way we'll get a bill that's acceptable to both Chambers.

We know difficulties lie ahead. But I am hopeful that we will quickly be able to reach suitable compromises on these issues. I look forward to completing this important energy bill for the American people.

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